GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:490
ANSWERED ON:20.04.2001
INTEREST RATE OF GPF/EPF
PUTTASWAMY GOWDA;RUDRAGOUDA PATIL

Will the Minister of FINANCE be pleased to state:

(a) whether the GPF/EPF interest rates have been reduced from 12 per cent to 9.5 percent;

(b) if so, the reasons therefor;

(c) whether this step of Government would discourage the employees from savings; and

(d) if so, the corrective steps taken by Government in this regard?

Answer

MINISTER OF FINANCE (SHRI YASHWANT SINHA)

(a) Interest rates on GPF and other similar funds were reduced from12 per cent to 11 per cent with effect from April 1, 2000 and further reduced from 11 percent to 9.5 percent from April 1, 2001. However, the revision of interest rates on EPF with effect from1st April, 2001, is under consideration of the Ministry of Labour in consultation with the Ministry of Finance.

(b) The real rates of interest on Provident Fund and other smallsavings schemes were considered to be high, preventing the downward movement of other rates of interest in the economy.

(c) Provident Fund and other small savings schemes enjoy sovereignguarantee and tax incentives. Therefore, the risk-return equation continues to be favourable.

(d) Does not arise.